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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
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DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO
PROOF OF CLAIM NUMBER 8229 (THE BRIX GROUP, INC.)

("STATEMENT OF DISPUTED ISSUES – THE BRIX GROUP, INC.")

Delphi Corporation ("Delphi") and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement Of Disputed Issues (the "Statement Of Disputed Issues") With Respect To Proof Of Claim Number 8229 filed by The Brix Group, Inc. ("The Brix Group") and respectfully represent as follows:

Background

1. On October 8 and 14, 2005 (the "Petition Date"), the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended, in the United States Bankruptcy Court for the Southern District of New York.

2. On June 19, 2006, The Brix Group filed proof of claim number 8229 (the "Proof of Claim") against DAS LLC. The Proof of Claim asserts an unsecured non-priority claim in the amount of \$2,896,591.72 for the sale of goods to DAS LLC (the "Claim").

3. On May 22, 2007, the Debtors objected to the Proof of Claim pursuant to the Debtors' Fifteenth Omnibus Claims Objection (Substantive) Pursuant to 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Insufficiently Documented Claims, (B) Claims Not Reflected On Debtors' Books And Records, (C) Untimely Claims And Untimely Tax Claim, And (D) Claims Subject To Modification, Tax Claims Subject To Modification, And Modified Claims Asserting Reclamation (Docket No. 7999).

4. On June 18, 2007, The Brix Group filed The Brix Group, Inc.'s Response To Debtors' Fifteenth Omnibus Claims Objection (Substantive) Pursuant to 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Insufficiently Documented Claims, (B) Claims Not Reflected On Debtors' Books And Records, (C) Untimely Claims And Untimely Tax Claim, And

(D) Claims Subject To Modification, Tax Claims Subject To Modification, And Modified Claims Asserting Reclamation (Docket No. 8318) (the "Response").

Disputed Issues

A. DAS LLC Does Not Owe The Brix Group The Amount Asserted In The Proof Of Claim

5. The Brix Group asserts in the Proof of Claim that DAS LLC owes it a total of \$2,896,591.72 for goods and services. DAS LLC has reviewed the information attached to the Proof of Claim and the Response and disputes that it owes the amount asserted in the Proof Of Claim for the following reasons: (a) purchase orders issued by DAS LLC do not match invoice pricing cited by The Brix Group in the Proof of Claim, (b) DAS LLC is not responsible for certain installation labor charges related to the Truck PC Program (as defined in paragraph 7 below), (c) DAS LLC never guaranteed certain installation costs guaranteed by a third party, (d) DAS LLC has issued all credits due to The Brix Group concerning warranties unrelated to the Truck PC Program, and (e) DAS LLC is not liable for the peripheral inventory that The Brix Group purchased from a third party.

6. Purchase Orders Do Not Support Invoice Pricing. The price detailed on certain purchase orders issued by DAS LLC are lower than the price detailed on the The Brix Group's invoices. The purchase orders reflect the contractual pricing and do not support the invoice pricing. Therefore, \$10,621.97 should be subtracted from the amount of the Proof of Claim.

7. DAS LLC Is Not Responsible For Certain Installation Labor Charges. The Brix Group claimed \$138,219.23 in amounts owed based on installation related labor charges it incurred while acting as a distributor for a now terminated DAS LLC pilot program. The pilot program involved the installation of computerized monitoring systems into trucks (the

"Truck PC Program"). DAS LLC is not responsible for the cost of installation because these costs were the responsibility of a third party and DAS LLC never guaranteed these costs.

Therefore, \$138,219.23 should be subtracted from the claimed amount.

8. DAS LLC Did Not Guarantee Certain Additional Installation Costs. The Brix Group claimed \$180,144.34 for costs associated with the completed installation of equipment for the Truck PC Program. The Brix Group asserts that it completed installation of equipment for the Truck PC Program, but that it was never reimbursed for these costs by a third party leasing agent that terminated the installation of additional units after May 31, 2005. The Brix Group asserts that DAS LLC guaranteed payment for any additional completed installed units. However, The Brix Group never provided any written proof or documentation that DAS LLC guaranteed additional installed units to The Brix Group. DAS LLC never guaranteed to pay for any additional completed installed units.

9. DAS LLC Has Issued All Credits Due To The Brix Group. The Proof of Claim asserts \$6,429.94 for unpaid warranty charges. The \$6,429.94 amount is for warranty claims unrelated to the Truck PC Program. Subsequent to the Petition Date, DAS LLC issued a credit to The Brix Group for unpaid warranty charges in the amount of \$6,429.94.

10. DAS LLC Is Not Responsible For Peripheral Inventory. The Brix Group asserts expenditures made for purchases of peripherals which were to be used to complete the "equipping" of trucks for the Truck PC Program. The distribution agreement executed by the parties did not require The Brix Group to purchase any peripherals. The Brix Group has provided no documentation or any support for its allegation that DAS LLC is responsible for its expenditures for peripherals. There is no explicit contractual obligation on behalf of DAS LLC to reimburse The Brix Group for the peripheral inventory it purchased. Therefore, \$2,169,824.39

should be subtracted from the claimed amount to reflect the Truck PC Program peripheral inventory for which expenditures The Brix Group was and shall remain responsible.

11. After taking into account the above-referenced deductions to the Proof of Claim, the Debtors reconciled the Proof of Claim as illustrated in the following chart:

<u>The Brix Group's Asserted Amount</u>		\$2,896,591.72
<u>Modifications</u>	Price Discrepancies	(\$10,621.97)
	Installation Labor Charges	(\$138,219.23)
	Additional Installation Costs Not Guaranteed by DAS LLC	(\$180,144.34)
	Credits Issued For Warranty Charges	(\$6,429.94)
	Peripheral Inventory	(\$2,169,824.39)
<u>Reconciled Amount</u>		\$399,866.18

12. DAS LLC does not dispute the remaining \$399,866.18 of the Claim and requests that the Claim be reduced to a general unsecured non-priority claim against DAS LLC in an amount not to exceed \$399,866.18.

Reservation Of Rights

13. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional

legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim and (b) the Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim.

WHEREFORE the Debtors respectfully request that this Court enter an order (a) reducing the Proof of Claim to a general unsecured non-priority claim against DAS LLC in an amount not to exceed \$399,866.18, and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York
December 13, 2007

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